

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AF-06 ARA-06 NEA-10 XMB-02 OPIC-03 OIC-02 /139 W

----- 010877

R 061815Z OCT 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 6174

INFO AMEMBASSY BERN

AMEMBASSY BUDAPEST

AMEMBASSY HELSINKI

AMEMBASSY OTTAWA

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMOASSY TOKYO

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: TRD GATT FI HU BU CZ

SUBJECT: GATT WPS ON FINNISH-EAST EUROPEAN "FREE TRADE AREAS"

REF: GENEVA 7448

1. SUMMARY. WPS ON NINE, HUNGARIAN, BULGARIAN, AND  
CZECH "FTAS" HAVE COMPLETED FIRST ROUND OF CONSULTATIONS.  
REPORT WILL BE SUBMITTED TO THE COUNCIL ON THE HUNGARIAN  
AGREEMENT STATING THAT NO CONCLUSIONS HAVE BEEN REACHED.  
THE OTHER TWO WPS HAVE ADJOUNDED SINE DIE AND WILL NOT  
REPORT TO THE COUNCIL AT THIS STAGE. END SUMMARY.

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2. HUNGARY: A SERIOUS ATTEMPT BY HUNGARY TO FORCE WP TO

REACH FINAL CONCLUSIONS (REFTEL) DID NOT MATERAILIZE.  
LENGTHY DEBATE OVER THE NARRATIVE PORTION OF THE WPS INTERIM  
REPORT TO THE COUNCIL TOOK UP MOST OF OCT 2. AFTERNOON OF  
OCTOBER 3 WAS DEVOTED TO DRAFTING OF "CONSLUSIONS  
AND RECOMMENDATIONS" SECTION OF REPORT.FINAL AGREE-  
MENT ON TEXT WAS REACHED ON THE MORNING OF OCT 4.

IT STATES THAT:

(A) THE PARTIES TO THE "FTA" SUPPORTED BY TWO OTHER  
DELGATIONS (DELEGATION NOTE:THESE WERE POLAND AND  
CZECHSLOVAKIA) BELIEVE IT IS CONSISTENT WITH  
ARTICLE XXIV. (B) THE OTHER MEMBERS OF THE WP WHO SPOKE  
COULD NOT REACH ANY CONCLUSIONS RE ART. XXIV COMPATIBILITY  
ON THE BASIS OF AVAILABLE INFORMATION, AND REQUESTED THAT  
THEWP RECONVNE LATER ON THE BASIS OF ADDITIONAL  
INFORMATION. (C) IT WAS NOTED THAT THE HUNGARIAN DEL  
TOOK NO POSITION ON TH QUESTION OF WHETHER ADDITIONAL  
CONSIDERATION BY THE WP IS NECESSARY.

3. DURING DISCUSSION US, EC, JAPAN, CANDA ALL RAISED  
ADDITIONAL QUESTIONS AND TOOK POSITION THAT HUNGARIAN-  
FINNISH RESPONSES HAD FALLEN FAR SHORT OF ANSWERING  
QUESTIONS SUBMITTED IN WRITING IN ADVANCE AND ORALLY  
DURING WORKING PARTY MEETING. WE ALL THUS CONSIDERED  
THAT EXAMINATION SHOULD BE CONTINUED LATER AFTER  
ADDITIONAL INFORMATION RCEIVED AND IN LIGHT OF ACTUAL  
OPERATION OF AGREEMNT. ON SUBSTANCE, US, JAPAN, CANDA  
EXPRESSED DOUBTS WHETHER AGREEMENT WAS COMPATIBLE WITH  
ARTICLE XXIV BUT WISHED DEFER FINAL CONCLUSIONS UNTIL  
FURTHER STAGE OF EXAMINATION. US AND CANADA BASED POSITION  
PARTIALLY ON LIMITED AGRICULTURAL COVERAGE OF AGREEMENT.  
(EC, OF COURSE, STAYED AWAY FROM THIS ONE). EC'S  
POSITION ON SUBSTANCE WAS THAT INFORMATION CURRENTLY  
AVAILABLE NOT ADEQUATE TO PROVIDE BASIS FOR EVEN ANY  
PRELIMINARY JUDGEMENT ON ARTICLE XXIV COMPATIBILITY.  
ON NURTHER PROCEDURES, HUNGARY WOULD OBVIOUSLY HAD  
PREFERRED WORKING PARTY EXERCISE TO BE TERMINATED.  
THEY HAD NO SUPPORT, HOWEVER, EVEN FROM FINNS WHO  
SAID THY HAD NO PROBLEMS WITH PROLONGATION. HUNGARIAN  
RP. NYERGES, PROPOSED THAT WORKING PARTY SHOULD  
TERMINATE WITH SAME KIND OF CONCLUSIONS AS THOSE  
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OF WORKING PARTY ON EC-FINNISH FTA AND ARGUED  
THAT TO DO OTHERWISE WOULD BE DISCRIMINATORY EFFORT TO  
PUT EASTERN CPS IN GHETTO AND DENY THEM NORMAL GATT  
RIGHTS. IN SAME VEIN, NYERGES SAID US POSITION IN  
PARTICULAR WAS EQUIVALENT TO SAYING THAT CENTRALLY  
PLANNED ECONOMY COUNTRIES HAD NO RIGHT TO ENTER FTAS  
UNDER ARTICLE XXIV. WE RESPONDED THAT THIS MIS-STATE  
OUR POSITION-THE WHILE WE HAD DOUBTS AS HOW

THIS COULD BE CONE CONSISTENTLY WITH ARTICLE XXIV WE  
PREPARED TO EXAMINE INDIVIDUAL ARRANGEMENTS ON THEIR  
MERITS. IN OPPOSING CONTINUATION OF EXERCISE, NYERGES  
ALSO EXPRESSEDVIEW THAT REQUESTS FOR INFORMATION BY  
WORKING PARTY MMBERS WERE EXCSSIVE AND WOULD IN FACT  
NEVER BE SATISFIED SINCE THEY BASED ON CONSIDERATIONS  
OTHER THAN DESIRE FOR OBJECTIVE CONSIDERATION OF  
COMPATIBILITY OF HUNGARIAN-FINNISH ARRANGEMENT WITH  
ARTICLE XXIV.IN END, HOWEVER, WHEN HE WAS ISOLATED  
ON CONTINUED OF EXERCISE,HE SETTLED FOR LANGUAGE  
INDICATINGTHAT HUNGARIAN POSITION ON FURTHER MEETINGS  
OF WP WAS OPEN.NEXT STEP IN PROCESS WILL BE FOR REPORT  
TO GO TO GATT COUNCIL AND FOR COUNCIL TO DECIDE WHETHER,  
WHEN, AND HOW EXERCISE SHOULD BE CONTINUED.

4. BULGARIAN: AFTER ABORTIVE DEBATE ON BULGARIAN AGREEMENT THE MORNING OF SEPT 30, IN WHICH IT QUICKLY BECAME CLEAR THAT NO INFORMATION WOULD BE FORTHCOMING FROM THE BULGARIAN,EITHER DIRECTLY OR THROUGH THE FINNS, THE WP ADJOURND SINE DIE TO AWAIT MORE INFORMATION ON WHICH IT COULD BASE A DEBATE. THE FINNS UNDERTOOK TO OBTAIN ADDITIONAL DATA FROM THE BULGARIANS.

5. CZECHOSLOVAKIA: LENGTHY DISCUSSION DISTINGUISHED BY AN ALMOST TOTAL FAILURE OF THE CZECH DELEGATION TO BE RESPONSIVE TO QUESTIONS PUT BY OTHER DELS  
TOOK UP PART OF OCT 2 AND 3 NOT DEVOTED TO HAGGLING OVER THE HUNGARIAN REPORT. CZECH DELEGATE (KELLER) AT TIMES HELD THE FLOOR FOR OVER 30 MINUTES READING AND RE-RADING IRRELEVANT OR OVER-GENERALIZED MATERIAL CONCERNING THE OPERATION OF THE CZECHOSLOVAK IMPORT PLAN. THE Tedium WAS FINALLY BROKEN ON THE AFTERNOON LIMITED OFFICIAL USE

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OF OCT 4 WHEN CZECHS UNEXPECTEDLYOPENED THE SESSION WITH A PROPOSAL THAT THE WP ADJOURN SINE DIE IN ORDER TO GIVE THEM AN OPPORTUNITY TO SUPPLY ANSWERS TO THE GROWING LIST OF SPECIFIC QUESTIONS THAT OTHER DELS FELT HAD NOT BEEN ANSWERED SATISFACTORILY. THE CZECH PROPOSAL CAMEAFTER INTENSIVE CORRIDOR CONSULTATIONS WITH OTHER EE DELS, IN WHICH IT APPEARS THE CZECH PLOY WAS STRENUOUSLY OPPOSED BY EE "DEN MOTHER" NYERGES. AFTER US ASSURED THAT THE RECORD WOULD SHOW CLEARLYTHAT IT WAS THE CZECHS WHO HAD PROPOSED THE ADJOURNMENT, THE MEETING WAS TERMINATED.

5. SAOLDARITH OF "ANTIS" IN ALL THREE WPS WAS NOTABLE.  
ALTHOUGH EC AND US TOOK LEAD, USEFUL SUPPORT  
WAS RECEIVEDFROM CANADA, JAPAN, AND SWITZERLAND.

SWISS MADE CLEAR THEIR VIEW THAT FINNS SHOULD HAVE GONE  
FOR A WAIVER UNDER ARTICLE XXV INSTAD OF TRYING  
FOR APPROVAL UNDER ARTICLE XXIV. THE SWEDES, HOWEVER, THOUGH  
THEY DID NOT PARTICIPATEIN THE DEBATE, WERE HELPFUL  
IN SUPPORT OF US/EC POSITIONS IN INFORMAL CONSULTATIONS  
ON THE WORDING OF THE "CONCLUSIONS" SECTION OF THE  
REPORT ON HUNGARY. AUSTRIA WAS NOT MEMBER OF ANY OF WPS.  
DALE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING REPORTS, FREE TRADE AREAS, COMMITTEE MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975GENEVA07617  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750346-1144  
**From:** GENEVA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751079/aaaacsqz.tel  
**Line Count:** 177  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 GENEVA 7448  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MartinML  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 APR 2003 by KelleyW0>; APPROVED <24 SEP 2003 by MartinML>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GATT WPS ON FINNISH-EAST EUROPEAN "FREE TRADE AREAS"  
**TAGS:** ETRD, FI, HU, BU, CZ, XH, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006